PUBLIC NOTICE

Federal Communications Commission
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DOMESTIC SECTION 214 APPLICATION FILED FOR CONSENT TO TRANSFER CONTROL OF INTERSTATE FIBERNET, INC. AND ITC^DELTACOM COMMUNICATIONS, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 02-256

On August 13, 2002, ITC^DeltaCom, Inc. as Debtor-in-Possession ("Old ITC" or "ITC/DIP"), and ITC^DeltaCom, Inc. ("New ITC"), Inc.[1] filed an application pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, for approval to transfer control of Interstate FiberNet, Inc. ("FiberNet") and ITC^DeltaCom Communications, Inc. ("DeltaCom") from ITC/DIP to New ITC. FiberNet and DeltaCom each holds authority pursuant to section 214 to provide domestic and international telecommunications services.[2] The requested transfer of control has been submitted for approval by the United States Bankruptcy Court for the District of Delaware (Case No. 02-11848 (MFW)).

Applicants assert that this application is subject to streamlined processing under section 63.03(b)(1)(ii) of the Commission's rules because the transferee, New ITC, is not a telecommunications provider.[3] Furthermore, the Applicants claim that the application also qualifies for streamlining under section 63.03(b)(2)(i) because: 1) New ITC will have a market share in the interstate, interexchange market of less than 10 percent; 2) New ITC will provide competitive exchange services and exchange access only in geographic areas served by the dominant local exchange carrier that is not a party to this transaction; and 3) no party to this application is dominant with respect to any service.[4]

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[1] Old ITC, or ITC/DIP New ITC, FiberNet and DeltaCom are collectively referred to herein as the "Parties" or the "Applicants."

[2] DeltaCom also holds satellite earth station licenses, and the Parties are filing a separate application for consent to transfer control of these licenses.

[3] 47 C.F.R. § 63.03(b)(1)(ii).

[4] 47 C.F.R. § 63.03(b)(2)(i).

Through its operating subsidiaries, Old ITC operates or manages approximately 9,980 route miles of a fiber optic network covering portions of ten states in the southern United States. It provides integrated voice and data telecommunications services to businesses in the southern United States and regional telecommunications transmission services over its network on a wholesale basis to other telecommunications companies.

The applicants state that the proposed transfer of control will permit consummation of a plan of reorganization ("POR") that is designed to allow ITC/DIP to emerge from bankruptcy with improved capitalization and a revised ownership structure as New ITC. It will remain the same corporate entity, but it will no longer be a debtor-in-possession, and it will have a new corporate charter. The reorganization will permit New ITC's operating subsidiaries, FiberNet and DeltaCom, to continue to provide competitive telecommunications services.

The POR provides for cancellation of the existing common stock and preferred stock of Old ITC. The POR also provides that New ITC will issue new common stock. More than 85% of the new common stock will be distributed to the holders of senior and convertible subordinated notes of Old ITC (the "Noteholders"). Campbell B. Lanier, III ("Mr. Lanier"), a director and current stockholder of Old ITC, and SCANA Corporation ("SCANA"), a current stockholder of Old ITC, each have agreed to purchase up to $15 million of a new issue of Series A convertible preferred stock of New ITC. Other existing preferred and common stockholders will also be entitled, in a rights offering conducted in connection with the POR, to purchase on a pro rata basis, up to a specified amount, the convertible preferred stock and warrants that Mr. Lanier and SCANA have agreed to purchase. No single shareholder will own a controlling interest in New ITC, and the proposed reorganization will not introduce any new affiliations with foreign carriers.

FiberNet is a wholly-owned direct subsidiary of Old ITC, and DeltaCom is a wholly-owned direct subsidiary of FiberNet. Neither FiberNet nor DeltaCom is itself undergoing reorganization. Instead, each company will continue to operate subsequent to implementation of the POR as a subsidiary of New ITC. The ultimate ownership of FiberNet and DeltaCom will change due to the ownership changes occurring as part of the reorganization of Old ITC.

The POR contemplates a restructuring of Old ITC's ownership and the elimination of a significant portion of the company's debt. The POR is the result of a pre-negotiated agreement in principle between Old ITC and certain of the Noteholders. Upon confirmation by the bankruptcy court, the POR will permit the company to continue to operate pursuant to a business plan approved by the holders of claims and interests in Old ITC, including the Noteholders and holders of Old ITC common and preferred stock.

The POR provides for New ITC to emerge from bankruptcy with the following ownership:

- Old ITC's senior notes will be cancelled, and holders of these notes will receive 81.5% of

New ITC’s common stock.

- Old ITC’s convertible subordinated notes will be cancelled, and holders of these notes will receive 5% of New ITC’s common stock.
- Old ITC’s common stock, Series A preferred stock and Series B preferred stock will be cancelled, and holders of this stock will collectively receive a total of 1% of New ITC’s common stock.
- As noted above, Mr. Lanier and SCANA have committed to purchase new Series A convertible preferred stock to be issued by New ITC, and other shareholders will be entitled to purchase these shares on a pro rata basis up to certain limits. In exchange for their commitment, Mr. Lanier and SCANA will receive 2% of New ITC’s common stock. The Series A convertible preferred stock, if converted, will represent 10.5% of the common stock of New ITC. All of the ownership percentages described above assume conversion of the Series A convertible preferred stock into common stock.[5]

Applicants assert that this transfer of control will serve the public interest, convenience, and necessity by allowing Old ITC to emerge from bankruptcy with a revised ownership structure and improved capitalization. Furthermore, the proposed transfer will allow Old ITC‘s operating subsidiaries, FiberNet and DeltaCom, to provide uninterrupted telecommunications services to existing customers. In addition, the applicants contend that the proposed reorganization is pro-competitive. The proposed transfer of control does not involve the merger or consolidation of competing carriers. Applicants state that, instead, the proposed transfer will permit two existing carriers, FiberNet and DeltaCom, to continue to offer services in competition with other providers, including the incumbent local exchange carrier. Thus, Applicants assert, implementation of the POR is in the public interest because it will allow continuity of service to customers and promote competition.

GENERAL INFORMATION

The transfer of control application identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission’s rules and policies. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.[6] Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing

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[5] If the Series A convertible preferred stock is not converted, the New ITC common stock distributed to the various interest holders would represent the following percentages of the total: holders of senior notes, 91.1%; holders of convertible subordinated notes, 5.6%; holders of Old ITC common stock, Series A preferred stock and Series B preferred stock, 1.1%; and New ITC common stock distributed to Mr. Lanier and SCANA in exchange for their commitment to purchase the Series A convertible preferred stock, 2.2%.

[6] *See* 47 C.F.R. § 63.03(a).

paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistronix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

(1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.

(2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov, and

(3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 6-A461, Washington, D.C. 20554; e-mail: dcjohnso@fcc.gov; and

(4) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 6-A739, Washington, D.C. 20554; email: iellis@fcc.gov; and

(5) Nandan Joshi, Office of General Counsel, 445 12th Street, S.W., Room 8-A820, Washington, D.C. 20554; e-mail: njoshi@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394 or Dennis Johnson, Competition Policy, Wireline Competition Bureau at (202) 418-0809.

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